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ABSTRACT

The importance of expertise and experience in university budgetary management is discussed. A short survey of higher education institutions indicated that program administrations were not knowledgeable about budgetary processes and procedures and were not interested in developing such expertise. It is suggested that there is a need for professionally competent administrators in order to achieve more efficient use of institutional resources. Administrators in academic affairs, student affairs, and community affairs need to be involved in and concerned with the budgetary process. Political involvement is also important to meet increased funding needs for salary raises, fringe benefits, lower student faculty ratio, new programs, more support for faculty research, and other areas. University administrators need to maintain political liaison with the Board of Regents, the Chancellors, and Legislators to enhance university support. It is important that top level administrators provide opportunities for administrative personnel to attend conferences, workshops, and institutes so that they can obtain the knowledge and skills involved in the following: zero based budgeting; management by objectives; program, planning, and budgetary systems; management information; and planning, management, and evaluation systems. (SW)

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BUDGETARY EXPERTISE AND EXPERIENCE: A SIGNIFICANT LINK TO EFFECTIVE MANAGEMENT AND LEADERSHIP

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BUDGETARY EXPERTISE AND EXPERIENCE: A SIGNIFICANT LINK TO EFFECTIVE MANAGEMENT AND LEADERSHIP

Delegation To Secretarial Staff

I

It was four years ago, September, 1974, that I accepted an administrative appointment to serve as budget officer for the School of Health and Social Services at Florida International University. It was not long before I was exposed to the nitty gritty facts of budgeteers. To my surprise, I found out that the secretaries and staff assistants were responsible for the bulk of budgetary responsibility - sometimes called budget management. The majority of the administrators in the programs of the school were not knowledgeable about budgetary processes and procedures nor were thay interested in developing such expertise.

To determine if such practices were popular at other institutions of higher education, a short survey was done and the results indicated that such practices were common and generally accepted. The results further indicated that if the administrators wanted to know something about the budget, they simply asked the secretary. The secretaries received and managed the monthly budget printouts, payroll certifications, preparation of contracts, preparation of fiscal year budget requests and the list goes on and on.

I am not of the opinion that secretaries are not capable of effectively handling such responsibilities, when adequately prepared, but the fact is that it is the administrators responsibility to manage the budget. In an era of budget accountability, inflation-deflation, fluctuating enrollments, and uncertain trends in the confidence in higher education at the local community level, federal government, state legislative and board of regents/trustees level, budgetary management should be one of the primary responsibilities of the administrators.

The preparation of a fiscal year budget request for schools, departments and programs should be more than adding 10 to 20% more on to last years request. Critical expenditures, needs and trends should be carefully analyzed and priorities should be developed.

What Goes Around, Comes Around

When inflation spurred skyward only a few years ago, one of the prime managerial assets that search and screen committees sought in candidates to fill administrative positions was budgetary expertise and experience. They realized that a tremendous number of colleges and universities were in deep financial troubles and they were concerned. They were concerned about maintaining quality services for their students, concerned about holding on to their careers, salary increases, promotion and tenure, and professional growth and development.

They were concerned about maintaining fringe benefits such as medical care, social security, vacation and sick leave.

Yes, candidates with budgetary expertise and experience had an edge over other candidates; even the rarest of scholars were often passed over for such candidates. And, I am a believer of the old saying that "what goes around, comes around". This is certainly indicative of the uncertain economy of the United States. The point is - who knows exactly when and how. But, can we afford to take this matter too lightly and get caught off guard.

Just as we pick and choose our U.S. presidents, legislators, and local officials to deliver us from evil and to preserve and expand the right and good - we must do likewise at the university level. We cannot afford the luxury of lagging in our efforts. The Research and Policy Committee of the Committee for Economic Development had these words to say in their report. The "crisis in higher education is not over. Many colleges and universities are in financial trouble....We fully respect the unique character of education among social and cultural institutions. But we recognize that schools and colleges must raise and expend large sums of money, construct and maintain expensive physical plants, deploy the services of faculty members and a considerable number of personnel, deal with the public and legislators, and often invest large endowment funds for financial gains. These resources must be managed - and managed effectively - if colleges are to succeed as educational institutions....

The increasing complexity of institutional management requires that many colleges both enlarge and upgrade their central staff with professionally competent administrators in order to achieve more efficient use of institutional resources."[1]

A very knowledgeable and experienced educator and administrator by the name of Harvey brings the matter closer to home. He reiterates the fact that "possibly no period in the history of higher education has contained greater pressure on colleges and universities to become more efficient and effective. Inflation, declining birth rates, the recession, the energy crisis...and other factors have all added to the pressures....

All of the above factors and their consequences are causing educators to look at better ways of carrying out the educational enterprise. In many cases, this burden falls on the shoulders of administrators ill-trained to handle the problems."[2]

Pitfalls and Myths

Studies show that a high percentage of administrators do not know what type of budgetary system is in operation at their university. Other opinions project the feeling that administrators in academic affairs, student affairs and community affairs, need not become involved in and concerned

with the budgetary process. This if often based on the assumption that administrative affairs, which usually houses the controllers office, payroll and university budget coordinators offices, should be the main source (and sometimes only source) of experienced experts that rule the roost and lead the pack to the land of the free and the home of the brave. I hope you don't get caught up in this myth. Get involved and help determine your own destiny.

Budgetary Formula: Funds and Positions Generated Versus Funds and Positions Received

Lets take academic affairs, for example, to demonstrate some of the mechanics that relate to a budgetary formula based on full time equivalent students (FTE's). This formula is typical of a public university governed, at the top, by a Board of Regents and State Legislators. The Full-time equivalent student formula is the following:

HC X CH = SCH

HC = Head Count
CH = Credit Hour
SCH = Student Credit Hours

SCH ÷ 15 = 1 FTE (Undergraduate)

SCH ÷ 12 = 1 FTE (Graduate)

The FTE generates x number of faculty lines, research lines, academic advisement lines and further serves as a basis for x number of dollars that fall in some or all of

these categories: Expense, OCO (Operating Capital Outlay) and OPS (Other Personnel Services).

Are you sure you are getting your fair share? Are you receiving what you generate? What is being taken off of the top before you receive your allocation? What type of formula or arrangement is utilized to generate positions and other necessary funds in student affairs, administrative affairs and community affairs at your university? Are they getting their fair share?

Is there an in-house formula being used by the top level administration that dwindles funds and positions down to your division, department or program in some mysterious shape or form? Is it being applied consistently or inconsistently? Can you explain to your faculty or staff why they are not receiving the funds and positions generated? What happens to the positions in reserves? What happens to the rate and dollars?

Political Clout With Board Members and Legislators

Our society has, to a considerable extent, perceived politics to be a dirty word or phrase and often brings to ones mind suspicious characteristics such as special interest, or dirty tactics to obtain goals and objectives for particular constituents. However, it is self evident that almost every decision that is made derives from some political action or reaction. As administrators take a closer look at the present

and plan for the future in terms of increased funding needs for salary raises, fringe benefits, lower student faculty ratio, new programs, more support for faculty research, new and better facilities, maintenance, more loans and scholarships to students and lower fees - it should be realized that political involvement is the more reasonable and viable mechanism to meet such needs.

After budget requests are prepared by the administrative units, reviewed, further refined and approved by the university budget committee, Vice Presidents and President, the requests are usually forwarded to the Board of Regents for final approval and funding consideration. The Board receives appropriations from the State Legislature to fund the universities. Subsequently, it behooves the university administrators to maintain political liaison with the Board of Regents, the Chancellors and Legislators to enhance university support. When was the last time you talked formally or informally to your board representative, your district legislator and other close friends to these people? When was the last time you invited some of the board members and legislators to your campus for socials or speaking engagements or casual updates? Have you made your expertise, services and university facilities available to these people? Do they know you by name and face? Are there graduates from your university presently serving as members of the board or legislator? Have you utilized the services of trained and

experienced lobbyist? Any and all of these techniques and approaches should be utilized, but the circumstances, situation and timing must be right.

Administrators well versed in utilizing skillful political tactics, techniques and approaches far succeed others in securing funding at a quality level and also in obtaining other necessities that enable them to move more effectively and efficiently toward the goals for which the university was established.

In drawing this article to an end, let me say that for the last ten years, I have had the fortunate opportunity to work in several universities. My experiences have included administrative positions in academic affairs, student affairs, community affairs and administrative affairs. And, I have realized through experience the significance of administrators having expertise and experience in decision making, communications, planning, curriculum and instruction and human relations - but there is also the additional significant dimension of budgetary expertise and experience that has significant impact and implications for the former.

We cannot afford the luxury of amateurs and stagnation particularly when concerned legislators and the general public is demanding efficiency and effectiveness. It is incumbent upon responsible top level administrators to stress the importance of and provide opportunities for their administrative personnel to attend conferences, workshops, seminars and institutes

where they can obtain the knowledge and skills involved in the following:

- Zero Based Budgeting
- Management By Objectives
- Program, Planning and Budgetary Systems
- Management Information Systems
- Planning, Management and Evaluation Systems

Such knowledge and skills should be further supplemented with exposure to appropriate political tactics and techniques that reinforces efforts to move more toward the desired goals. Finally, it is my feelings that the administrators who avail themselves of such expertise and experiences will be able to look back with no regrets and to the future with confidence.

[1]The Management and Financing of Colleges, New York: Committee for Economic Development, 1973, pp.7,14 and 46.

[2]L. James Harvey, Zero Base Budgeting In Colleges and Universities, Colorado: Ireland Educational Corporation, 1977, p 1.